



**CITY OF WEST COVINA
AUDIT COMMITTEE**

**TUESDAY, JUNE 27, 2023, 6:00 PM
SPECIAL MEETING**

**WEST COVINA CITY HALL
MANAGEMENT RESOURCE CENTER (MRC) ROOM 314
WEST COVINA, CALIFORNIA 91790**

AGENDA

**David Lin, Chair
Marsha Solorio, Vice Chair
Ollie Cantos, Council/Audit Committee Member
Rosario Diaz, Mayor/Audit Committee Member
Miguel Garcia, Audit Committee Member
Jim Grivich, Audit Committee Member
Colleen Rozatti, City Treasurer/Audit Committee Member
Deanna Stanley/Audit Committee Member**

AMERICANS WITH DISABILITIES ACT

The Committee complies with the Americans with Disabilities Act (ADA). If you need special assistance at Committee Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8:00 a.m. to 5:00 p.m. Monday through Thursday, at least 48 hours prior to the meeting to make arrangements.

AGENDA MATERIAL

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Commission that is distributed less than 72 hours before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall during normal business hours.

PUBLIC COMMENTS
ADDRESSING THE AUDIT COMMITTEE MEMBERS

Any person wishing to address the Committee on any matter listed on the agenda or on any other matter within their jurisdiction should complete a speaker card that is provided at the entrance to the Management Resource Center Room (MRC) and submit the card to the Committee Secretary

Please identify on the speaker card whether you are speaking on an agenda item or non-agenda. Requests to speak on agenda items will be heard prior to requests to speak on non-agenda items. All comments are limited to three (3) minutes per speaker.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ORAL COMMUNICATIONS - Three (3) minutes per speaker

Please state your name and city of residence for the record when recognized by the Committee Chair.

APPROVAL OF MEETING MINUTES

1) MAY 8, 2023, AUDIT COMMITTEE MEETING MINUTES

It is recommended that the Audit Committee receive and file the Minutes of the Audit Committee Meeting on May 8, 2023.

REPORTS

2) DISCUSSION REGARDING FINANCIAL RECOVERY PLAN, STATE AUDITOR OBJECTIVE NO. 5: ADDRESS THE EXCESSIVE COST CURRENTLY INCURRED PROVIDING FIRE AND EMERGENCY MEDICAL SERVICES

No action is recommended.

3) DISCUSSION REGARDING POLICY FOR PLANNING FOR CAPITAL EXPENDITURE PROCUREMENT

Staff recommends consideration of the proposed policy to be included in the City's Purchasing Manual.

NEW BUSINESS

- Select next meeting date

ADJOURNMENT



AGENDA STAFF REPORT

City of West Covina

DATE: 06/27/2023
TO: Audit Committee
FROM: Stephanie Sikkema, Finance Director
SUBJECT: **MAY 8, 2023, AUDIT COMMITTEE MEETING MINUTES**

RECOMMENDATION:

It is recommended that the Audit Committee receive and file the Minutes of the Audit Committee Meeting on May 8, 2023.

Prepared by: Valerie Gonzales, Senior Administrative Assistant
Additional Approval: Stephanie Sikkema, Finance Director

Attachments

Attachment No. 1 - May 8, 2023, Audit Committee Meeting Minutes

CITY OF WEST COVINA

AUDIT COMMITTEE

MINUTES

MEETING

WEDNESDAY, MAY 8, 2023, 6:00 p.m.

The meeting of the Audit Committee was called to order at 6:06 p.m. Committee Member Grivich led the Pledge of Allegiance.

ROLL CALL

Present: Chair Marsha Solorio
Committee/Council Member Ollie Cantos
Committee Member/Mayor Rosario Diaz (arrived at 6:08 p.m.)
Committee Member Jim Grivich
Committee Member David Lin
Committee Member Deanna Stanley

Absent: Vice-Chair Miguel Garcia
Committee Member/City Treasurer Colleen Rozatti

Staff Present: Finance Director Stephanie Sikkema, Assistant Finance Director Maria-Luisa Olea, Senior Administrative Assistant Valerie Gonzales, Bret Van Lant of Van Lant & Fankhanel, LLP, via Teams

ORAL COMMUNICATIONS

None

R. Robinson - regarding budget (arrived around 7:00 p.m. after oral communications - not on topic with agenda)

--- End of Public Comment

1. APPROVAL OF DECEMBER 21, 2022, AUDIT COMMITTEE MINUTES

It is recommended that the Audit Committee receive and file the Minutes of the Audit Committee Meeting on December 21, 2022.

A Motion was made by Committee Member Grivich and seconded by Committee Member Lin to approve the Audit Committee minutes of the December 21, 2022, meeting.

Motion carried by a vote 3-0; 1 absent; 1 abstain

REPORTS

2. AUDIT COMMITTEE NOMINATIONS

It is recommended that the Audit Committee nominate:

1. Chair, and
2. Vice-Chair

A Motion was made by Committee Member Grivich and seconded by Chair Solorio to nominate Member Lin as Chair.

Motion carried by a vote 4-0; 1 absent

A Motion was made by Committee Member Grivich and seconded by Chair Lin to nominate Member Solorio Vice-Chair.

Motion carried by a vote 4-0; 1 absent

3. SINGLE AUDIT

It is recommended that the Audit Committee receive and file the Single Audit Report on Federal Award Programs for the year ended June 30, 2022.

A Motion was made by Committee Member Stanley and seconded by Vice-Chair Solorio to receive and file the Single Audit Report.

Motion carried by a vote 4-0; 1 absent

4. FINANCIAL RECOVER PLAN UPDATE

It is recommended that the Audit Committee receive and file the Financial Recovery Plan Update through March 31, 2023.

- 1. Ensure that the fees/assessments charged for services align with costs and increase fees to reflect cost reasonably borne in the provision of City services.**
 - a. No Motion
- 2. Review, evaluate, and monitor all City contracts.**
 - a. No Motion
- 3. Set aside land sale revenue to compensate for any shortfalls in revenue that the City experiences as a result of the effects of the pandemic on the City's fiscal year 2020-21 budget.**
 - a. No Motion

4. Proactively mitigate risk and exposure to litigation through training and implementation of best risk management practices.

- a. A Motion was made by Committee Member Grivich and seconded by Vice-Chair Solorio that the Audit Committee receive an answer as to whether the City's principal witnesses in the Larry Whithorn v. City of West Covina case received any training on how to terminate an employee.

Motion carried by a vote 4-0; 1 absent

5. Address the excessive cost currently incurred providing fire and emergency medical services.

- a. A Motion was made by Chair Lin and seconded by Committee Member Grivich to request the presence of the Fire Chief at the next meeting to discuss the procedures that have been implemented to comply with this item.

Motion carried by a vote 4-0; 1 absent

6. Prepare financial analyses that evaluate both the short-term and long-term financial implications of significant spending decisions.

- a. A Motion was made by Committee Member Grivich and seconded by Vice-Chair Solorio to request that a long-term financial analysis be included with staff report and presentation for consideration of the Athens contract.

Motion carried by a vote 4-0; 1 absent

7. Implement a formal process for development of reasonable budget projections.

- a. No Motion

8. Meet and confer regarding negotiation of employee union agreements.

- a. No Motion

9. Improve internal purchasing processes/enforcement to reduce susceptibility to waste and fraud.

- a. No Motion

A Motion was made by Committee Member Stanley and seconded by Vice-Chair Solorio to receive and file the Financial Recovery Plan update.

Motion carried by a vote 3-1; 1 absent

5. PURCHASING POLICY VIOLATION LOG

It is recommended that the Audit Committee receive and file the Purchasing Policy Violation Log as of March 31, 2023.

A Motion was made by Committee Member Grivich and seconded by Vice-Chair Solorio to amend the procurement policy & procedures to include a planning process for capital items so that replacement of an item is done in a timely fashion.

Motion carried by a vote 4-0; 1 absent

NEW BUSINESS

1. Revenue and Expenditure Reports

2. Next Meeting Date and Time

- **Suggested Date: Tuesday, June 27, 2023, at 6:00 p.m.** – All agreed, Contingent of Fire Chief availability.

ADJOURNMENT

Chair Lin moved to adjourn the meeting at 7:16 p.m.

Valerie Gonzales
Audit Committee Secretary



AGENDA STAFF REPORT

City of West Covina

DATE: 06/27/2023
TO: Audit Committee
FROM: Stephanie Sikkema, Finance Director
SUBJECT: DISCUSSION REGARDING FINANCIAL RECOVERY PLAN, STATE AUDITOR OBJECTIVE NO. 5: ADDRESS THE EXCESSIVE COST CURRENTLY INCURRED PROVIDING FIRE AND EMERGENCY MEDICAL SERVICES

RECOMMENDATION:

No action is recommended.

BACKGROUND:

This item is identified in the City's Financial Recovery Plan under State Auditor Objective No. 5: Address the excessive cost currently incurred providing fire and emergency medical services:

Action Steps

1. Evaluate current Fire Department deployment model
2. Document reasons for absences causing OT
3. Develop viable alternatives for fire and emergency management services
4. Discuss alternative plans with appropriate stakeholders

Expected Completion Date

1. Analyze current deployment – April 1, 2021
2. Analyze alternatives – May 1, 2021
3. Meet with stakeholders – June 1, 2021

Responsible Staff (Lead/Support)

Lead – Fire Chief

Support – Finance Director and Human Resources Director

Status Report (April 2023)

Pending. No new updates.

Negotiations with the Firefighters Association were finalized in September and City Council approved a new Memorandum of Understanding October 4, 2022. The following provision were incorporated to alleviate excessive overtime: Other than actual hours worked, only vacation leave and compensatory time off shall be considered hours worked for the purpose of the hours worked calculation for overtime. Additionally, limitations on the number of people allowed off on vacation per shift were reduced to 2 Captains; 2 Engineers; 1 Firefighter and 2 Firefighter/Paramedics or 3 Firefighter/Paramedics.

Additionally, staff internally evaluates overtime with each payroll and reports to City Management.

Staff engaged the services of Messina and Associates to provide a high-level review of the current fire and emergency services in April. In May, staff received and evaluated the final report (WCFD Service Delivery Review).

DISCUSSION:

During the meeting held in May, the Audit Committee requested the presence of the Fire Chief to discuss what procedures have been put in place to address the excessive cost currently incurred providing fire and emergency medical services.

Prepared by: Stephanie Sikkema, Finance Director

Additional Approval:



AGENDA STAFF REPORT

City of West Covina

DATE: 06/27/2023
TO: Audit Committee
FROM: Stephanie Sikkema, Finance Director
SUBJECT: DISCUSSION REGARDING POLICY FOR PLANNING FOR CAPITAL EXPENDITURE PROCUREMENT

RECOMMENDATION:

Staff recommends consideration of the proposed policy to be included in the City's Purchasing Manual.

BACKGROUND:

During the last meeting, the Committee directed Staff to amend the procurement policy & procedures to include a planning process for capital items so that replacement of an item is done in a timely fashion.

DISCUSSION:

A proposed policy has been included as Attachment No. 1 for the Committee's consideration.

Prepared by: Stephanie Sikkema, Finance Director

Additional Approval:

Attachments

Attachment No. 1 - Proposed Policy regarding Planning for Capital Expenditure Procurement

Planning for Capital Expenditure Procurement

It is the responsibility of each department to plan procurement in advance for upcoming capital expenditures to ensure compliance with this manual.

The lifecycle for a capital expenditure starts with planning. The expense should be included in the City's Capital Improvement Plan or Replacement Schedule. Departments are responsible for submitting a replacement or purchase during the annual budget process.

Following budget approval, the procurement process for capital expenditures typically takes three to four months:

1. Define specifications (see Specifications Section)
2. Review and approval of specifications
3. Solicit for proposals or bids (See Dollar Thresholds Section)
4. Evaluate proposals or bids
5. Recommend Award
6. Contract execution
7. Issue Notice to proceed

Define specifications	• 1 Week
Review and approval of specifications	• 2 Weeks
Solicit for proposals or bids	• 2-4 Weeks
Evaluate proposals or bids	• 2 Weeks
Recommend Award	• 3 Week lead time
Contract execution/PO Issued	• 2-3 Weeks
Notice to proceed	• 1 Week